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TAGS: [EAID](#) [EFIN](#) [ETRD](#) [PGOV](#) [PREL](#) [IZ](#)
SUBJECT: ICI - BAGHDAD COORDINATION GROUP DEMANDS RESULTS
FOR PLANNED OCTOBER MINISTERIAL

REF: A. A. BAGHDAD 1105
[B. B. BAGHDAD 1056](#)
[C. C. BAGHDAD 756](#)
[D. D. BAGHDAD 630](#)

Classified By: Economic Minister Counselor Marc Wall for reasons 1.4(b)
and (d)

[1](#)1. (C) Summary: The International Compact with Iraq (ICI) Ministerial set for October or November, 2009 in Baghdad must have substance to persuade ministers to attend, UN Special Advisor to the Secretary General Ibrahim Gambari told Ambassador Hill May 25. Gambari met with the Ambassador prior to the Baghdad Coordination Group (BCG) meeting. The UN submitted a draft proposal to the GOI and international partners in mid-May, which recommends refocusing the ICI on governance, regional integration, and national reconciliation. Ambassador Hill responded that the USG will support the ICI, but the UN must take the lead in convincing Iraq of the ICI's value. In the May 26 BCG Meeting, DPM Barham Salih highlighted Iraq's achievements in attaining ICI benchmarks over the past year while Gambari discussed the need to re-focus the Compact. International partners support an ICI Ministerial in Baghdad, sought deliverables, and welcomed a Gambari-led stock-taking exercise (possibly in July). A Preparatory Working Group (PWG) for the ICI Ministerial was formed on May 27, and proposed to identify deliverables for the ministerial and 2010 priority benchmarks over the next two months. Finance Minister Bayan Jabr and the UN will jointly lead this group: its terms of reference now await GOI agreement. We could suggest benchmarks in accordance with the WTO Action Plan, which will enhance Iraq's global economic integration. End Summary.

ICI, BCG, IPF Background

[1](#)2. (U) The ICI is now in its third year and requires updating to take account of Iraq's changed realities. In efforts to revitalize, the UN drafted a proposal to re-prioritize the ICI for "Year 3" and submitted it in mid-May to DPM Barham Salih. UNAMI shared the draft proposal with international partners on May 24. The Baghdad Coordination Group (BCG) consists of the UN, the GOI and international partners. It reviews the GOI's and international community's progress in meeting ICI commitments and met on May 26. The BCG meeting comes in advance of the annual ICI Ministerial which is notionally planned for October or November 2009. The Iraq Partners Forum (IPF) is UNAMI-led and coordinates international partners' assistance to Iraq. The IPF has met monthly since the last quarter of 2008 and will intensify their meeting schedule to twice monthly beginning in June, in preparation for the ministerial.

Gambari Asks for Ambassador
Hill's Support for ICI

[1](#)3. (C) UN Special Advisor to the Secretary General Ibrahim Gambari on May 25, one day prior to the BCG Meeting, told

Ambassador Hill that the UN and international partners need to restore GOI confidence in the ICI. He noted that PM Maliki considered the ICI to be an experience much like "taking an exam," in which Iraq is required to satisfy prescribed benchmarks. Gambari noted that since Iraq is sovereign, Maliki thinks that the ICI might have already served its purpose. The UN needs U.S. support, Gambari added, and a counterpart within the USG to strongly support the ICI. If the GOI and partners lose interest, then the ICI will be ineffective; therefore, a coordination mechanism in which Iraq has a stake is required. The ICI Ministerial is planned for October or November 2009, and only a substantive meeting will persuade ministers to attend. Qmeeting will persuade ministers to attend.

Ambassador Hill Offers Support,
but ICI Must be Iraq-Led

¶4. (C) Ambassador Hill responded that the USG would be supportive in so far as the Iraqis themselves remain interested. He added that the UN must convince Iraq of the ICI's value: the USG will provide support, but not take the lead in persuading the GOI. With Iraqi buy-in, the ICI could play a positive role in economic development, but the UN must persuade PM Maliki to focus on it. Gambari noted that the commitment of PM Maliki and DPM Salih to the ICI does not necessarily translate into commitment from the line ministries. Ambassador Hill stressed that holding a successful ICI Ministerial in Baghdad could showcase Iraq's re-integration in the region.

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Baghdad Coordination Group

¶5. (SBU) The May 26 BCG Meeting, co-hosted by DPM Barham Salih and UN Special Advisor Gambari, opened with DPM Salih highlighting the "Annual Review May 2008-April 2009", a preview version of the ICI's full Annual Review, which detailed GOI programs that achieved ICI benchmarks since the ICI Stockholm Ministerial in May 2008. Gambari noted the need for discussion on how to re-focus the ICI while recognizing Iraqi sovereignty and GOI priorities. He added that the UN submitted a draft paper to the GOI that proposes a re-prioritized Year 3 for ICI. The UN also plans a stock-taking exercise (possibly in July), with Gambari's participation. Gambari pointed out that Iraq still has several outstanding debt negotiations with Kuwait, Saudi Arabia, and other neighboring countries.

¶6. (SBU) International partners expressed support for holding the ICI Ministerial in Baghdad, the need for deliverables at the ministerial, and the importance of a Gambari-led stock-taking exercise. UK Ambassador Christopher Prentice said that it was disappointing that so far no substantive discussions have generated clear targets for the ministerial. He suggested establishing a joint working group to work on the priorities of the ICI and, after two months of dialogue, obtain around six key targets for the ministerial. EMIN added that the U.S. supports an ICI as an Iraqi initiative defined and led by Iraq, and shared the view that a successful ICI Ministerial needs to achieve meaningful outcomes, which includes agreement on a re-focused ICI. He urged the GOI, UN and partners to "get to work now" to define the outcomes for October.

¶7. (SBU) Italian Ambassador Maurizio Melani said that developing the education and health sectors, as well as transportation infrastructure, should be included as objectives in the UN draft proposal. Japanese Economic Counselor Motoyuki Takahashi added that the ICI needs to improve its transparency while Iraq needs to improve its creditworthiness, its public financial management, and

develop its financial market, all areas in which Japan can provide technical assistance.

Preparatory Working
Group Formed

¶8. (SBU) DPM Salih recommended establishing a Preparatory Working Group (PWG) for substantive preparations for the ICI Ministerial, which will be led by the GOI and the UN. Salih announced that Finance Minister Bayan Jabr will be the GOI lead and is already cooperating with UN SRSG Staffan de Mistura. The Iraq Partners Forum (IPF) on May 27 determined the PWG will consist of representatives from the UN, World Bank, EC, US, Japan, Australia, and Italy. (Note: All of the European partners agreed that the EC would represent them all, but Italian Embassy officials confirmed on May 30 that they would like to participate individually as well. End Note.) The PWG met on May 31 and decided that over the next two months it will identify key deliverables for the ministerial and priority benchmarks for 2010. These terms of reference have been shared with the GOI and now await GOI agreement. Gerard Sambrana, UN Special Political Advisor to SRSG who leads the PWG, has requested a meeting with Minister Jabr for the first week of June.

Maliki not Present at Meeting,
Does Not Accept Initial UN Proposal

¶9. (C) PM Maliki did not attend the BCG, although Finance Minister Jabr, Planning Minister Ali Baban and Oil Minister Husayn Shahrastani were present. UNAMI Ambassador Brigitta QHusayn Shahrastani were present. UNAMI Ambassador Brigitta Holst Alani revealed on May 27 that PM Maliki did not endorse the UN draft paper because of its reference to improving governance and "reacted strongly" to the proposal. Maliki apparently objected to the implication that his administration is deficient, which might harm his chances in the elections, Alani stated. Dr. Naeema Al Gasseer, Acting DSRSG of UNAMI, noted that the responses of DPM Salih and PM Maliki to the UN proposal differed greatly: "There was a wide gap."

ICI Secretariat: Ministerial
Will Bolster Iraq's Re-integration

¶10. (SBU) ICI Secretariat Director Dr. Hadi Hussein Ali told
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NEA/I Deputy Director John Riddle on May 25 that, with respect to Iraq's reintegration into the region, holding the ICI Ministerial in Baghdad would send a message to Iraq's neighbors that Iraq's partners support its sovereignty. On May 24, Alani told NEA/I/ECON Director Riddle that PM Maliki became interested in the ICI during the Stockholm Ministerial last year, as he wanted Iraq to have a place in the international community. Hosting an ICI Ministerial in Baghdad would be a "carrot" for Maliki, demonstrate to the world that Iraq can participate at the international level and also show Iraqis how much his government has done.

USG Could Suggest Benchmarks
on WTO Action Plan and
Sovereign Debt Reduction

¶11. (C) Comment: The Embassy will encourage and support the UN in its leading ICI role. Our aim is to work through the UN to secure PM Maliki's and the GOI's agreement to achieving meaningful deliverables at the ICI Ministerial, as well as to

establish re-prioritized long-term benchmarks for the ICI. We could also suggest ICI benchmarks in accordance with the WTO Action Plan, which will enhance Iraq's global economic integration, and lead to Iraq's eventual accession to the WTO. Another possible benchmark to explore might be aimed at creating a regional working group for Iraq's sovereign debt reduction, which might resonate with current Ministry of Finance concerns. With Finance Minister Jabr as the GOI lead on the ICI, the USG has an opportunity to engage the GOI on an issue that also involves the broader ICI objective of regional integration, since the bulk of Iraq's remaining sovereign debt lies primarily with its neighbors. While its neighbors have not played active roles in ICI so far and the issues impeding progress on debt negotiations are largely outside the ICI's scope, the GOI might nonetheless see the ICI as a useful international forum to address this. Post will explore this possibility further with our GOI counterparts. End Comment.

HILL